

Message Text

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65

ACTION EUR-12

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-02

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00

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FM AMEMBASSY LONDON

TO SECSTATE WASHDC 3292

UNCLAS LONDON 11626

DEPARTMENT PASS TREASURY, FRB

E.O. 11652: N/A

TAGS: E/Fin: UK

SUBJECT: UK INSURANCE SUBSIDIARY OF AN AMERICAN COMPANY

IN DIFFICULTIES

REF: LONDON 11461 AND LONDON A-668

1. FINANCIAL TIMES AND LONDON TIMES, TUESDAY, JULY 29,
REPORT THAT DEPARTMENT OF TRADE HAS MOVED TO PUT
FIDELITY LIFE ASSURANCE INTO LIQUIDATION AMID CLAIMS
THAT IT WAS BEING UNFAIRLY EXCLUDED BY THE BANK OF ENGLAND
FROM THE BENEFITS GIVEN TO MOST DEPOSITORS WITH
FAILED SECONDARY BANKS.

2. FRONT PAGE FINANCIAL TIMES ARTICLE CONCLUDES THAT MR.
HAROLD RICHARDS, CHAIRMAN AND PRESIDENT OF FIDELITY CORPORATION
IN THE US SAID THAT HIS COMPANY HAD DECIDED NOT
TO PUT IN THE 750,000 POUNDS OF NEW CAPITAL WHICH FIDELITY LIFE REQUIRES
BECAUSE OF THE BANK OF ENGLAND'S DECISION ON THE ONE MILLION POUND DEPOSIT WITH LONDON AND
COUNTY. "SINCE THE BANK OF ENGLAND WILL NOT STAND BEHIND ITS ENGLISH SUBSIDIARY, WE ARE NOT PREPARED TO
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STAND BEHIND OURS," HE SAID.

RICHARDSON

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